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C O N F I D E N T I A L SECTION 01 OF 03 LUSAKA 000563

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DEPT FOR DAS CAROL THOMPSON

E.O. 12958: DECL: 05/10/2017

TAGS: [PGOV](#) [ZA](#)

SUBJECT: SCENESETTER FOR DAS THOMPSON'S VISIT TO ZAMBIA,
JUNE 1-6, 2007

REF: A. LUSAKA 510

[1](#)B. LUSAKA 492

[1](#)C. 06 LUSAKA 1694

[1](#)D. 06 LUSAKA 1669

Classified By: Ambassador Carmen Martinez. Reasons 1.4 (b) and (d).

[1](#)1. (SBU) Summary: The U.S. Mission in Zambia warmly welcomes Deputy Assistant Secretary of State Carol Thompson to Zambia from June 1 to June 6, 2007. Your visit comes at a time when President Mwanawasa and his administration are seeking to establish a second-term agenda following the President's re-election last September and during an ongoing debate over a new constitution, and slow but steady progress in high profile corruption prosecutions. The Zambian economy is benefiting from high copper prices, and sound economic and fiscal management have resulted in reduced rates of inflation and significant debt forgiveness. But despite steady if modest economic growth, Zambia continues to rank near the bottom of the UN's Human Development Index and about 70 percent of its population lives below the poverty line. HIV/AIDS and other serious health problems present a critical developmental and humanitarian crisis: the infection rate among adults is 16 percent and Zambia has an estimated 750,000 AIDS orphans. End Summary.

An Expanding Partnership

[1](#)2. (SBU) The U.S. enjoys good relations with Zambia. The U.S. provided approximately \$240 million in bilateral assistance in 2006; the majority of the funding supported the PEPFAR initiative. Zambia is one of 15 PEPFAR focus countries, which collectively represent approximately 50 percent of HIV infections worldwide. Under PEPFAR, Zambia received more than \$81 million in FY 2004, nearly \$130 million in FY 2005 and approximately \$160 million in FY 2006 to support comprehensive HIV/AIDS prevention, treatment and care programs. The FY 2007 PEPFAR budget is \$213 million.

[1](#)3. (SBU) In addition, the GRZ has signed an Article 98 agreement, is a Millennium Challenge Account Threshold Country, and participates in the Africa Contingency Operations Training Assistance (ACOTA) program. Although Zambia is eligible for benefits under the Africa Growth and Opportunity Act, U.S.-Zambia bilateral trade is small. In 2006, Zambia exported only \$28 million worth of goods (mostly copper) to the United States and imported \$51 million worth of goods (machinery and equipment, grains) from the United States. The GRZ welcomed the opportunity to participate in a new Presidential initiative that addresses women's justice and empowerment. Zambia is a committed partner in the global war on terror, as shown by Zambian authorities' rapid apprehension of terrorist suspect Rashid Haroon Aswat in [1](#)2005.

¶4. (C) Despite good relations, we are disappointed with the timid approach the President has taken to addressing key political, economic and social issues since winning re-election in September, 2006. It appears that the GRZ's interests recently seem to be moving out of alignment with ours on many key concerns, such as promoting private sector development, addressing the HIV/AIDS pandemic, and fighting corruption. Policy decisions, public comments and the behavior of the President and senior officials in the initial months of his second administration reveal a preference for more state intervention in the economy; perhaps more cronyism; less respect for rule of law; weaker political reform and anti-corruption efforts; and an overall lack of leadership and unwillingness to take responsibility for GRZ problems or failures (Ref B).

Presidential and Parliamentary Elections

¶5. (SBU) More than 70 percent of Zambia's 3.9 million registered voters turned out to vote in the September 2006 presidential and parliamentary elections, in which President Mwanawasa won a second and final term with approximately 43 percent of the vote. The European Union Election Observation Mission concluded that the elections were a "marked improvement" over the 2001 vote and were "generally well-administered, largely peaceful and offered voters a wide range of candidates to choose from in a genuinely competitive process." Observers credited the Electoral Commission of Zambia (ECZ) and its Chairperson, Justice Irene Mambilima, with the success of the vote. Despite progress, there were incidents of campaign violations, discrepancies in the tabulation of the vote, and election-related riots. Unsuccessful candidates filed a total of 40 election

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petitions, most of which alleged campaign misconduct. Courts have heard the majority of the petitions and have to date nullified the results of two parliamentary elections. Decisions are pending in other cases and some of the petitions have been dismissed on technical grounds (Ref C).

Cabinet Shakeups

¶6. (C) President Mwanawasa has also been unusually active in shuffling and firing cabinet ministers during the first eight months of his second term of office. After firing the Minister of Lands in February and the Minister of Information and Broadcasting Services in early April, the President fired his Minister of Health, Angela Cifire, on April 23. You will meet with Cifire's replacement Brian Chituwo, who previously served as Health Minister and Education Minister in Mwanawasa's first term. In a published letter, the President asked Chituwo to "ensure that abolition of user fees (for basic health services) did not result in the deterioration of the quality of health care currently being provided in the rural areas." The President also directed the new Minister to make sure that medicines and other medical items were procured efficiently and transparently, to avoid shortages of critical drugs in health institutions, and to "ensure that an attractive reward package for core clinical staff, namely, doctors, nurses, pharmacists and laboratory technologists is put in place" to attract staff to work in rural areas. The USG lost a hardworking partner in Cifire; however, Chituwo is well and favorably known to us and we expect that he will be an able partner (Ref D).

¶7. (C) You will also meet Minister of Information and Broadcasting Services Mike Mulongoti. The President appointed Mulongoti (previously Deputy Foreign Minister) to fill the vacant Minister of Information and Broadcasting Services position, noting the tremendous confidence he had in Mulongoti's ability and leadership qualities. Mulongoti is a knowledgeable and proactive interlocutor, and had been the

Mission's principal high-level point of contact at the Foreign Ministry. Although we will miss his presence at the MFA, we hope that he will continue to be a useful partner in his new role at the Ministry of Information, where he will preside over a continuing debate over the reform of media laws and a proposed freedom of information act.

A Reviving Economy

¶8. (SBU) For almost thirty years, Zambia's economy faltered. The fall in copper prices that began in the mid-1970's undermined the ability of first-President Kenneth Kaunda's socialist state (1964-1991) to provide social services, and led to the accumulation of massive external debt. Corruption during the later years of rule of second-President Frederick Chiluba (1991-2001) eroded gains from market oriented reforms in the early 1990's and generated a strong distrust of markets and economic liberalization.

¶9. (SBU) As a consequence of these developments, about 70 percent of Zambians live in poverty today. Economic growth has been between 4 and 6 percent in recent years, but the investment climate has not been sufficiently favorable to generate the 7 to 8 percent growth rates required to reduce Zambia's poverty. The government seeks greater diversity in the economy, particularly growth in the agriculture and tourism sectors. But recent strengthening of the local currency and concerns over future volatility may hurt non-traditional export sectors and limit efforts to diversify the economy.

¶10. (SBU) As a result of good fiscal management, Zambia successfully reached the HIPC completion point in April 2005 and stands to benefit from approximately \$6 billion in debt forgiveness. The rate of inflation has risen slightly in recent months and now stands at about 12 percent, still well below the historical average. The GRZ's acknowledgement of the need for continued economic discipline evidenced in Finance Minister Magande's national budget speech offers hope for greater improvements in Zambian citizens' standard of living.

Fight Against Corruption

¶11. (SBU) A legacy of corruption and mismanagement has eroded confidence in government and hampered social and economic development. Consequently, the fight against corruption is a U.S. priority in Zambia. One of the hallmarks of President Mwanawasa's first term in office was his heralded effort to

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bring to justice those whose corruption undermined Zambia's economy over the past decade. The U.S. continues to support the work of the Task Force on Corruption, but the complex cases pursued by the Task Force take time and require continued high-level support from the President. The Task Force has scored some success through seizures of assets plundered by former government officials, and has recently begun to secure convictions. Following a civil trial led by Zambia's Attorney General, on May 3, a British Court found that former President Chiluba was liable for the theft of 46 million in Zambian assets during his time in office. The criminal case in Zambia against Chiluba is ongoing.

Constitutional Reform

¶12. (SBU) Many consider Zambia's current constitution to be deficient, in part because it gives too much power to the executive branch of government. In 2003, President Mwanawasa commissioned a Constitution Review Commission (CRC) to take comments and issue a draft constitution. Although the CRC issued its final report on constitutional reform at the end of 2005, the government has done little since then to move

the reform process forward. To prompt the government to act, a civil-society umbrella group called the Oasis Forum, recently declared a "constitutional struggle" and introduced a 10-step, 71-week, "roadmap" to a new constitution for Zambia. President Mwanawasa has disputed the legality of the Oasis Forum plan and said that the GRZ would implement its own roadmap to constitutional reform. Civil society leaders are skeptical of the President's plan, which they say is unnecessarily expensive and complicated and, which by the government's own timeline, will take approximately five years to complete (Ref A).

MARTINEZ